



House of Representatives

General Assembly

File No. 585

February Session, 2006

Substitute House Bill No. 5723

House of Representatives, April 20, 2006

The Committee on Appropriations reported through REP. MERRILL of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

**AN ACT AUTHORIZING TEACHERS WHO ARE MEMBERS OF THE
TEACHERS' RETIREMENT SYSTEM TO CONTRIBUTE UP TO ONE-
HALF THE COST OF RETIREMENT INCENTIVE PLANS
ESTABLISHED BY BOARDS OF EDUCATION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10-183jj of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2006*):

3 (a) A local or regional board of education may establish a retirement
4 incentive plan for teachers, as defined in subdivision (1) of subsection
5 (26) of section 10-183b, as amended, in its employ who are members of
6 the teachers' retirement system. The plan shall provide for purchase of
7 additional credited service by [the] a board of education and a member
8 of the system who chooses to participate in the plan, of additional
9 credited service for such [members who choose to participate in the
10 plan] member and for payment by the board of education of not less
11 than fifty per cent of the entire cost of such additional credited service
12 and payment by the member of the remaining percentage of such total

13 cost. Payment shall be made in one lump sum, prior to retirement. Any
14 such plan shall specify a maximum number of years, not exceeding
15 five years, of additional credited service which may be purchased
16 under the plan. Any such plan shall have a two-month application
17 period.

18 (b) Any such member who has attained age fifty and (1) who would
19 become eligible to receive a retirement benefit under subsection (a), (b)
20 or (c) of section 10-183f if such member received additional credited
21 service pursuant to subsection (e) of this section, or (2) who is not
22 retired and is eligible to receive a retirement benefit under subsection
23 (a), (b) or (c) of [said] section 10-183f shall be eligible to apply. Any
24 member who applies shall agree in writing, as part of such application,
25 to submit a complete formal application for retirement to the Teachers'
26 Retirement Board on a date which shall be established by the board of
27 education which employs the member, provided such date shall be on
28 or before the last day of the school year in which additional credited
29 service is purchased for such member pursuant to this section.

30 (c) All such eligible members may participate in the plan except that
31 a local or regional board of education may limit the number of such
32 members for whom it purchases such additional credited service in
33 any calendar year to a specified percentage of such members in its
34 employ on the first day of January of such year. If participation is
35 limited, members with a greater length of service with the board of
36 education, if they choose to participate, shall have additional credited
37 service purchased before members with a lesser length of service with
38 the board of education.

39 (d) The amount of additional credited service purchased for any
40 member pursuant to such retirement incentive plan shall be uniformly
41 determined but shall not exceed the lesser of the following: (1) Five
42 years of additional credited service, or (2) an amount of service credit
43 equal to one-fifth of the member's total credited service, including
44 additional credited service purchased by the member [,] pursuant to
45 the provisions of section 10-183e.

46 (e) For each year of additional credited service purchased pursuant
47 to this section, the local or regional board of education and the member
48 shall pay, in accordance with subsection (a) of this section, an amount
49 specified by the Teachers' Retirement Board equal to the actuarial
50 present value, determined according to actuarial tables adopted by the
51 Teachers' Retirement Board, of the difference between the retirement
52 benefit which the member is entitled to receive based upon the
53 member's service apart from such purchased service and the benefit
54 which the member is entitled to receive including such service.
55 Payment for such service may be made in equal annual installment
56 payments, including interest, not exceeding three times the number of
57 years being purchased. Payments shall be made in accordance with
58 subsection (b) of section 10-183n, as amended, and rules adopted by
59 the Teachers' Retirement Board. Any late payments or outstanding
60 obligations from a prior year's purchase or from late payment of
61 monthly mandatory deductions shall be included as part of the cost of
62 purchasing such service. [When a board of education purchases
63 additional credited service for a member pursuant to this section, the
64 Teachers' Retirement Board shall notify the member in writing.] Any
65 additional credited service purchased for any such member shall be in
66 addition to any credited service purchased pursuant to section 10-183e.

67 Sec. 2. Subsection (b) of section 10-183 of the general statutes is
68 repealed and the following is substituted in lieu thereof (*Effective July*
69 *1, 2006*):

70 (b) Any member may purchase, as provided in subsection (c) of this
71 section, additional credited service, but not to exceed an aggregate of
72 one year in the case of service described in subdivision (2) of this
73 subsection for each two years of active full-time service as a
74 Connecticut teacher; and not to exceed an aggregate of one year in the
75 case of absence described in subdivision (8) of this subsection for each
76 five years of active full-time service as a Connecticut teacher, provided
77 if any such absence exceeds thirty consecutive school months, such
78 additional credited service shall be limited to thirty school months;
79 and not to exceed an aggregate of ten years for all service described in

80 this subsection. In no event, however, may any service described in
81 this subsection be purchased if the member is receiving or is, or will
82 become, entitled to receive a retirement benefit based upon such
83 service from any governmental system other than the teachers'
84 retirement system or the federal Social Security System. Additional
85 credited service includes:

86 (1) Service as a teacher in a school for military dependents
87 established by the United States Department of Defense;

88 (2) Service as a teacher in another state of the United States, its
89 territories or possessions;

90 (3) Service in the armed forces of the United States in time of war, as
91 defined in section 27-103, or service in said armed forces during the
92 period beginning October 27, 1953, and ending January 31, 1955;

93 (4) Service in a permanent full-time position for the state;

94 (5) Service as a teacher at The University of Connecticut prior to July
95 1, 1965;

96 (6) Service as a teacher at the Wheeler School and Library, North
97 Stonington, prior to September 1, 1949;

98 (7) Service as a teacher at the Gilbert Home, Winsted, prior to
99 September 1, 1948;

100 (8) Any formal leave of absence as provided in regulations adopted
101 by the board, if the member subsequently returns to service for at least
102 one school year;

103 (9) Service as a teacher at the American School at Hartford for the
104 Deaf, the Connecticut Institute for the Blind or the Newington
105 Children's Hospital;

106 (10) Forty or more days of service as a substitute teacher, or the
107 equivalent service rendered at less than half-time, in a single public
108 school system within the state of Connecticut in any school year,

109 provided eighteen days of such service shall equal one month of
110 credited service under subsection (a) of this section;

111 (11) Service in the armed forces of the United States, other than
112 service described in subdivision (3) of this subsection, not to exceed
113 thirty months;

114 (12) Service as a full-time, salaried, elected official of the state or any
115 political subdivision of the state during the 1978 calendar year or
116 thereafter, if such member subsequently returns to service for at least
117 one school year;

118 (13) Service in the public schools of Connecticut as a member of the
119 federal Teacher Corps, not to exceed two years; [and]

120 (14) Service in the United States Peace Corps; and

121 (15) Service in the United States VISTA (Volunteers in Service to
122 America) program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2006	10-183jj
Sec. 2	July 1, 2006	10-183(b)

APP Joint Favorable Subst.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Teachers' Retirement Bd.	Teachers' Retirement Fund - Cost	Indeterminate	Indeterminate

Municipal Impact:

Municipalities	Effect	FY 07 \$	FY 08 \$
Various Municipalities	Potential Savings	Indeterminate	Indeterminate

Explanation

Currently, a local Board of Education may establish a retirement incentive plan for teachers and the municipality is required to pay to the Teachers' Retirement Board (TRB) 100% of the cost of the purchase of additional credited service. Under the bill, the cost of a retirement incentive plan may be shared equally between the municipality and the teachers. To the extent that municipalities use this cost sharing provision to implement a retirement incentive plan, it would result in a municipal savings that cannot be determined until a retirement incentive plan is established. On average, the full actuarial cost of one additional year of credited service is approximately \$14,000.

The bill also adds service in VISTA (Volunteers in Service to America) to the fourteen existing purchase of service provisions under the Teachers' Retirement System (TRS). As is the case with the existing purchase provisions, the teacher must pay one-half of the actuarial value of the additional credited service and the state bears the cost of the remaining half. On average, the unfunded liability of the TRS will increase \$7,000 for each year of additional service credit. TRB does not

currently collect data on the number of teachers with VISTA service. Therefore, the fiscal impact to TRS and the state's contribution to TRS cannot be determined by the TRS actuary at this time.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OFA Bill Analysis**sHB 5723*****AN ACT AUTHORIZING TEACHERS WHO ARE MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM TO CONTRIBUTE UP TO ONE-HALF THE COST OF RETIREMENT INCENTIVE PLANS ESTABLISHED BY BOARDS OF EDUCATION.*****SUMMARY:**

The bill amends the teachers' retirement system statutes governing the retirement incentive plan for teachers that may be established by a local Board of Education (BOE). Under the bill, a teacher who chooses to participate in a retirement incentive plan may contribute up to fifty percent of the cost of the additional credited service. The bill also adds service in VISTA to the existing purchase of service provisions under the teachers' retirement system.

EFFECTIVE DATE: July 1, 2006

Local Retirement Incentive Plan

The bill allows teachers who choose to participate to contribute up to one-half the cost of a retirement incentive plan established by a local BOE. The establishment of such a plan is strictly voluntary on the part of the local BOE. Under current law, a municipality must pay to the Teachers' Retirement Board (TRB) the full cost of the additional credited service provided by the retirement incentive plan. Any plan can specify a maximum number of years, not to exceed five, of additional credited service which may be purchased under the plan. The bill requires that the payment by the teacher be made in one lump sum, prior to retirement.

Purchase of Additional Credited Service

The bill adds an additional credited service purchase provision for service in the United States VISTA (Volunteers in Service to America) program. There are currently fourteen additional credited service purchase provisions that allow members to purchase additional credit in the teachers' retirement system. Any purchase of service requires the member to pay the TRB an amount determined on an actuarial basis to reflect the present value one-half the full actuarial cost of the benefit increase that will be derived by the purchase of such service.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 52 Nay 0 (03/31/2006)